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C O N F I D E N T I A L SECTION 01 OF 02 KARACHI 000015

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SUBJECT: KARACHI - AMBASSADOR MEETS MQM LEADERSHIP

Classified by: Consul General Stephen G. Fakan, Reasons 1.4 b and d

¶1. (C) SUMMARY: In a January 6 meeting, the Ambassador discussed wide ranging issues with leaders of Muttahida Qaumi Movement (MQM). MQM discussed the aftermath of the December 28 bombing and arson in Karachi, MQM's relationship with PPP, and the development needs of Karachi. END SUMMARY.

¶2. (C) On January 6, Ambassador Patterson met with leaders of Muttahida Qaumi Movement (MQM) at their Karachi headquarters. MQM Rabita Committee Member Kanwar Khalid Younus, Federal Minister for Ports and Shipping Babar Ghauri, Provincial Ministers Sardar Ahmed and Faisal Sabzwari, Karachi mayor Mustafa Kamal, and Member National Assembly Haider Abbas Rizvi represented MQM.

Karachi Attack and Taliban

¶3. (SBU) According to Karachi mayor Mustafa Kamal, the death toll of December 28's attack in Karachi is 45, with 23 still hospitalized. 29 buildings, housing over 1800 shops including major wholesale markets for the country, were destroyed or damaged. The city government is working with local contractors and the Karachi Chamber of Commerce & Industry to quickly repair damaged buildings and enable traders to reopen as soon as possible. The city government is providing funding for private medical care for those still hospitalized and encouraging schools to waive six months of tuition for children of those affected.

¶4. (C) According to Kamal, Pashtuns were involved in the incident - or at least those involved are hiding in predominately Pashtun areas of Karachi. Law enforcement agencies captured 8 - 9 gangs with suicide - bomb material. He blamed law enforcement agencies for the arson following the initial explosion. According to Kamal, within seven minutes of the blast, all law enforcement personnel were running away. The strategy of the police and home minister was to withdraw police and rangers and let the arson continue in order to prevent the violence from spreading to other parts of the city.

¶5. (C) Other theories about responsible parties abound. Babar believes the Imamia Student Organization - a radical Shi'a group with ties to Iran - is involved, while others state the local police are trying to blame MQM. This theory includes the belief that MQM let the buildings burn because they wanted the land.

¶6. (C) When asked about the Quetta Shura and existence of Taliban in Karachi, Babar responded that the Taliban are "most probably in Karachi," and mentioned the neighborhoods of Sultanabad,

Superhighway, and Sorab Goth as the main locations. Areas near the Superhighway and Sorab Goth were described as the "FATA of Karachi," and when Pashtuns settle in Karachi, they always choose strategic areas such as road junctions and high ground. Sabzwari does not want to blame any group, but noted that the reality is most of the Taliban hail from Pashtun areas. He notices there are more and more Taliban notables in Karachi.

Concerns for Government

¶17. (C) Kamal said there is "confused democracy right now, and no one knows what will happen tomorrow." The local governance system is still unresolved in Sindh, and Kamal believes the National Reconciliation Ordinance (NRO) is distracting leaders, and that many decision makers are "oblivious." When pressed by the Ambassador as to whether or not they support the government, Kamal responded that the philosophy of Altaf Hussain is to support democracy. The MQM does not want to derail the government or be a destabilizing force, but there is a limit to their support. Haider further elaborated by describing many of the government's statements as "weird," such as their repeated deadlines for the end of the power crisis. They believe Nawaz Sharif is behind the NRO, and that the courts will make Zardari's life rough. MQM leaders were particularly critical of Home Secretary and Zardari's pal, Zulfikar Mirza, whom they claimed is promoting gang warfare.

¶18. (C) The leaders noted that discussions between the MQM and Pakistan People's Party (PPP) were ongoing regarding the local government system. The provincial government (mainly PPP) want

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administrators to be appointed for one year, and no elections held in the short term. The MQM will not accept unelected administrators. They believe the current conditions in Sindh will allow for elections to be held within three months. Kamal pointed out that the provincial government can technically throw him out of the mayorship, but it cannot afford to have MQM on the other side. However, he believes that if the government settles the NRO problems, MQM will be their next target. (COMMENT: In a January 16 press release, the Governor's House announced that senior leadership of MQM and PPP had reached a resolution on the local government electoral process essentially giving into MQM demands for appointment of Administrators for 90 days and a legal guarantee from PPP that if elections are not held within 90 days, control will revert back to 'Nazims.' Final approval is still pending. END COMMENT)

¶19. (C) The PPP is reluctant to maintain the current system, while the MQM wants the current system with modifications. MQM says that this is about land. The old system would give PPP more power, and confine MQM to 2-3 urban pockets, and the PPP is afraid of elections because there would be no Bhutto sympathies this time. Also, the PPP will have trouble defending a record of bad governance and increased corruption over the past two years. MQM believes the Sindhi nationalist parties are growing in strength and will challenge the PPP.

Development Needs

¶10. (SBU) Kamal said the main needs of Karachi include desalinization plants, mass transit, and a trauma center. He also mentioned fire fighting equipment, saying the city is in need of dozens of ladder trucks for high rises and hundreds of other fire engines. Karachi is the backbone of Pakistan's economy and it must be saved. The biggest strengths and potential for Karachi are also its biggest threats.

Comment

¶11. (C) COMMENT: MQM continues to cast blame for all of Karachi's problems on every other group. The resolution or lack of it between PPP and MQM on the local government electoral process is troubling, and could be a harbinger for continued violence in Karachi. For now,

MQM plans to remain in the governing coalition, but they repeatedly stressed that they are suffering for being part of it, and that they do have their limits. END COMMENT

FAKAN